

**MINUTES OF A MEETING OF
THE LEMON GROVE CITY COUNCIL**

February 7, 2017

The City Council also sits as the Lemon Grove Housing Authority, Lemon Grove Sanitation District Board, Lemon Grove Roadway Lighting District Board, and Lemon Grove Successor Agency

Call to Order

City Councilmembers present: Mayor Racquel Vasquez, Councilmember David Arambula, Councilmember Jerry Jones, Mayor Pro Tem Jennifer Mendoza, and Councilmember Matt Mendoza.

City Councilmembers absent: None.

City Staff present: Lydia Romero, City Manager, David De Vries, Development Services Director; Tim Gabrielson, City Engineer; Mike James, Assistant City Manager/Public Works Director; James P. Lough, City Attorney; and Lt. May, Sheriff's Department; Corinne Russell, HR Manager; and Chief Stowell, Heartland Fire and Rescue.

Public Comment

Anita Lopez, Program Manager for Healthy Eating and Active Living Eating, reported that there will be free blood pressure screenings at Mt Vernon and Monterey Heights schools, the Lemon Grove Library and Family Health Center.

John L. Wood commented on potholes on Broadway, flooding at Plaza West, problems with intersections, speeding on Central Avenue, and graffiti on the Toyota dealership fence. He thanked the City's Public Works department for removing trash and junk that was dumped along Central Avenue.

Lani Stacks read a statement on animal rights and welfare of animals.

Teresa Rosiak-Proffit explained that she is interested in becoming a Lemon Grove Sheriff Volunteer, but was informed that the only shifts available were Monday through Friday 10:00 a.m. to 4:00 p.m. and asked if the day and hour requirements could be reviewed. She recommended that a volunteer walking patrol be initiated and asked if term limits for the Mayoral position be agendized.

Mike Richards commented on the locations where the small MTS buses speed and thanked the Lemon Grove Firefighters for assisting residents with sandbags.

1. Consent Calendar

Lydia Romero noted that there was a clerical correction on the Resolutions for items 1.D and 1.H. She added that regarding item 1.F a letter was received from the property owner's representative regarding parking concerns. Ms. Romero noted that primary parking for Healthy Opportunities Progressive Education, Incorporated will be across the street at the Recreation Center at stipulated in the lease agreement.

- A. Approval of City Council Minutes**
January 17, 2017 Regular Meeting
- B. Ratification of Payment Demands**
- C. Waive Full Text Reading of All Ordinances and Resolutions on the Agenda**
- D. Agreement for a Special District Financing Services**
- E. Termination and Equipment Transfer Agreement with Cricket Communications, LLC**
- F. Lease Agreement with Healthy Opportunities Progressive Education, Incorporated for Lemon Grove Community Center Office Space**
- G. Rejection of Claim**
- H. Agreement for a Special District Financing Services**

Action: Motion by Councilmember Jones, seconded by Mayor Pro Tem J. Mendoza to approve the Consent Calendar passed, by the following vote:

Ayes: Vasquez, Arambula, Jones, J. Mendoza, M. Mendoza

Resolution No. 2017-168: Resolution of the Lemon Grove Roadway Lighting District Awarding a Professional Services Agreement to Psomas for the Special District Financing Services (Contract No. 2017-18)

Resolution No. 2017- 3485: Resolution of the City Council of the City of Lemon Grove, California Approving the Termination and Equipment Transfer Agreement with Cricket Communications, LLC

Resolution No. 2017-3486: Resolution of the City Council of the City of Lemon Grove, California Approving a Lease Agreement between the City of Lemon Grove and Healthy Opportunities Progressive Education, Incorporated for Use of the Lemon Grove Community Center Office Space

Resolution No. 2017-285: Resolution of the Lemon Grove Sanitation District Awarding a Professional Services Agreement to Psomas for the Special District Financing Services (Contract No. 2017-18)

2. Wastewater Rate Case Study

Mike James reported that on November 15, 2017, the District Board (Board) received an update from staff regarding the wastewater rate case. Within that report staff summarized Pure Water cost estimates for all Metro Commission/JPA participating agencies (PA), a summary of existing and proposed reserve funds, and a draft Proposition 218 notice.

The possible Pure Water unanticipated costs are the portion allocated to the participating agencies in Metro Wastewater Commission/Joint Powers Authority. The Lemon Grove Sanitation District (District) makes up approximately 3.6%.

While these costs provided in September 2016 were for preliminary planning purposes only, in October 2016, the City of San Diego's City Council approved two engineering design contracts that support an accelerated Pure Water schedule that will advance expenditures into the next four years. These unanticipated costs equal \$3,728,012.

A critical expenditure that still remains outstanding from the current rate study is the requirement that secondary treatment construction costs may still be required in the future, even if the modified permit is approved for the next five year period. While those costs will fall outside of the next four year rate study, the total impact to the District may be significant.

Mr. James noted that staff will continue to work with the other participating agencies to reduce the costs for future secondary treatment by searching for alternate ways to integrate the Pure Water Program into the existing wastewater infrastructure. As a recent example the District received a letter from the City of San Diego informing it that the costs for FY 17-18 will at least increase from \$65 million to \$70 million due to the Pure Water program.

There are five reserve funds that were presented. Each continues to be a recommendation by NBS Governmental Finance Group (NBS) and supported by District staff. A summary description of each fund is listed below.

1. *Capital Project Reserve Fund (New Fund)* – Establish a new reserve fund that provides a starting point for addressing long-term capital system replacement needs.
 - a. *Pure Water Reserve Fund (New Fund)* – While listed separately, this fund may be considered a part of the Capital Project Reserve Fund because the Pure Water Project is a capital project. This fund sets aside the increased costs that the District is anticipated to realize just for the Pure Water Project moving forward.
2. *Connection Fee Fund (New Fund)* – Establish a separate fund to maintain connection fee revenue pursuant to California Government Code §66013(6)(C). As a reminder, the connection fee analysis is currently being performed by NBS and will be presented later this fiscal year. Those fees will be deposited into this separate fund to help fund the costs for capital projects moving forward.
3. *Operation and Maintenance Reserve Fund (Existing Fund)* – Intended to hold a cash reserve for district operations. This reserve fund is intended to support any short term fluctuation in revenues or unforeseen expenditures.
4. *Rate Stabilization Reserve Fund (Existing Fund)* – This fund sets aside one year's worth of Metro costs. It has been a part of the District's practice to set aside these funds each year.

NBS created a draft Proposition 218 notice that will be used to notify all district users of the public hearings tentatively scheduled for April 18, 2017 and May 2, 2017. The public hearing notice will be updated based on the option selected by the District Board to implement and mailed to each District user by NBS.

After receiving the report and presentation on November 15th, the District Board directed staff to return with additional information incorporated into the final wastewater study regarding the following items:

1. Compare an escalating fee versus a flat fee.
2. Compare the difference between a 40% and 55% operational reserves in each escalating and flat fee option.
3. Add a reserve fund specifically for the anticipated expenditures related to the City of San Diego's Pure Water program.
4. Insure that all financial safety measures were in place before any of the district reserves were used to offset the amount of any rate increase that the District users may realize.

District staff closely worked with NBS staff to prepare a final report that included the items that the Board requested. Staff felt it important to highlight key pieces of information that is contained in the report in the section below:

With the additional reserve funds created, the 55% operational reserve target is not recommended at this time.

- By establishing a Pure Water Reserve of \$3.7 million, the study concluded that \$5.5 million is available to be released in order to stabilize the rates for the next five year period.
- Staff does not recommend moving forward with an escalating rate increase because of the large difference between beginning and ending rates. So, while the beginning rates are lower than the recommended flat fee increase the ending rates are much larger.
- Due to the uncertainty of the future phases of the Pure Water program staff recommends starting a flat and consistent fee increase will be more sustainable by the rate payers.

If the Board accepts the study as presented, staff recommends that the Board authorize staff to follow the timeline, shown below, to comply with Proposition 218 requirements. In order to adopt the recommended rate structure the Board must first hold two public hearings that are noticed at least 45 days prior to the public hearing. Following the hearings, the Board may proceed to adopt the recommended rates for implementation with the FY 2017-18 tax rolls.

- March 4, 2017 No later than date to provide notices to all District members
- April 18, 2017 Board Meeting – Public hearing to introduce ordinance
- April – May 2017 Board Meeting – Receive the connection fee analysis study
- May 2, 2017 Board Meeting – Second reading and adoption of ordinance
- July 1, 2017 No sooner than July 1st the new rates will take effect

James Lough noted that what is being asked of the Sanitation District Board is approval of the public hearing process.

Greg Henry, NBS Governmental Finance Group, provided a presentation on the rate study.

Mayor Pro Tem J. Mendoza requested that there be clarity in the notice regarding current EDU charges, the maximum of the proposed increase, a summary document prepared by staff, and a statement as to why the increase is necessary.

Councilmember M. Mendoza requested that the notice be translated in Spanish.

Public Speaker(s)

There were no requests from the public to speak.

Action: Motion by Councilmember Jones, seconded by Councilmember M. Mendoza, selecting Alternative One the increase of 40%, directing staff to work with NBS for the Proposition 218 noticing requirements that will include suggestions by Mayor Pro Tem J. Mendoza passed, by the following vote:

Ayes: Vasquez, Arambula, Jones, J. Mendoza, M. Mendoza

3. Ordinance Amending Lemon Grove Municipal Code Chapter 8.64 (Prohibition of Recreational Marijuana Businesses) and Amendment of Lemon Grove Municipal Code Section 17.12.070 (Uncertainty of Use Classifications)

This Ordinance amends Chapter 8.64 to prohibit of recreational marijuana businesses. The Ordinance also amends LGMC Section 17.12.070 to eliminate references to prohibitions against medicinal marijuana businesses. This Ordinance reaffirms the ban on recreational marijuana sales by any means and cultivation under our current zoning rules.

Public Speaker(s)

There were no requests from the public to speak.

Action: Motion by Councilmember Jones, seconded by Mayor Pro Tem J. Mendoza, to adopt Ordinance No. 444 passed, by the following vote:

Ayes: Vasquez, Arambula, Jones, J. Mendoza, M. Mendoza

Ordinance No. 444: An Ordinance of the City Council of the City of Lemon Grove, California, Amending Lemon Grove Municipal Code Chapter 8.64 (Prohibition of Recreational Marijuana Businesses) and Amendment of Lemon Grove Municipal Code Section 17.12.070 (Uncertainty Of Use Classifications

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City. (GC 53232.3 (d))

Councilmember Jones reported on a recent California League of Cities Policy Committee meeting where transportation funding and changes in cell site locations were discussed. He attended the East County Chamber meeting and observed the Sheriff's Coffee with the Community. He also commented on attended a SANDAG Board meeting and noted that Mayor Vasquez received appointment as the East County alternate to the SANDAG Borders Committee. He reported on a recent SANDAG Transportation Committee Meeting.

Councilmember Arambula attended the California League of Cities Newly Elected Mayor and Councilmembers Academy.

Councilmember M. Mendoza had no report.

Mayor Pro Tem J. Mendoza reported on a recent East County Economic Development Council meeting, San Diego Chamber of Commerce Cross Borders luncheon, and a MTS Board meeting. She attended a California League of Cities meeting in Sacramento where she was appointed to the Environmental Policy Committee, along with attended the Relay for Life kick-off event, Mexican American Business Professionals luncheon meeting, Heartland Communications meeting, she participated in the Homeless Point in Time count, Alcohol Policy Committee breakfast, and the MTS orientation meeting.

Mayor Vasquez attended the California League of Cities Newly Elected Mayor and Councilmembers Academy, Brother to Brother Leadership Conference, she participated in the City clean-up and expressed appreciation to City staff for coordinating this event. She recognized Mark Horton who is teaches youth basketball at the Lemon Grove recreation center, and she presented a proclamation St. John of the Cross during Catholic Schools Week. She attended the San Diego Chamber 146th Anniversary, Voice and Viewpoint 57th Anniversary Gala, Historical Black College and University event, and LAFCO meeting.

City Manager and Department Director Reports

Dave De Vries expressed appreciation to Malik Tamimi for coordinating the recent City clean-up event.

Lt. May commented on the Coffee with the Community event and provided information related to the recent Law enforcement activity in the City.

Lydia Romero recognized Malik Tamimi for coordinating the recent City clean-up event.

Closed Session

Conference with Legal Counsel - Anticipated Litigation Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: One case

Conference with Legal Counsel - Existing Litigation - City of Lemon Grove v. The Grove Collective, et al. San Diego Superior Court Case No.: 37-2016-00015271-CU-BC-CTL

Closed Session Report: No reportable action was taken.

Adjournment

There being no further business to come before the City Council, Housing Authority, Sanitation District Board, Lemon Grove Roadway Lighting District Board, and the Lemon Grove Successor Agency the meeting was adjourned at 8:04 p.m.

Susan Garcia

Susan Garcia, City Clerk